

**MINUTES OF THE  
RESTIREMENT WORKING GROUP**

Wednesday, July 8, 2015 – 1:00 P.M. – Room 20 House Building

**Members Present:**

Sen. Todd Weiler, Senate Chair  
Rep. Rich Cunningham, House Chair  
Sen. Aaron Osmond  
Sen. Karen Mayne  
Rep. Eric Hutchings  
Rep. Brad King

Rep. Rep. Kraig Powell

**Staff Present:**

Mr. Benjamin N. Christensen, Policy Analyst  
Ms. Patricia Owen, Associate General Counsel  
Ms. Katie LeFevre, Legislative Assistant

**Note:** A list of others present, a copy of related materials, and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

**1. Working Group Business**

Chair Cunningham called the meeting to order at 1:12 p.m.

Chair Cunningham introduced the working group members and staff. He recognized audience members in attendance. He discussed challenges with postretirement employment and outlined the agenda.

**2. Scope of the Working Group**

Chair Cunningham outlined the scope of the working group.

Sen. Weiler expressed his desire for the working group's report to the Retirement and Independent Entities Interim Committee to be ready by October. He also stated that this working group has been authorized to meet three times.

**3. Postretirement Employment Issues**

Mr. Christensen gave a visual presentation "Utah Postretirement Employment Restrictions." The working group received the "Utah Postretirement Employment Restrictions" presentation and the "Utah Postretirement Employment Restrictions" briefing paper in the mailing. He explained the reason for postretirement employment restrictions, actuarial calculations, Utah's postretirement employment restrictions, exceptions to the postretirement employment restrictions, adjustments to the postretirement employment restrictions since 2010, and common arguments against postretirement employment restrictions.

Mr. Christensen answered questions from the working group. He explained the differences between defined contribution and defined benefit, and the big system and other retirement systems.

Rep. King stated that he is a retired Tier I employee and explained his experience as a legislator when the retirement system was changed.

Sen. Mayne stated that she is a retiree from the Granite School District and has her husband's Senate retirement.

Mr. Daniel Andersen, Executive Director, Utah Retirement Systems, addressed the working group. He clarified the percentage of Tier II employees selecting the hybrid system versus the defined contribution plan. He explained the cost of changing postretirement restrictions. He distributed three handouts: "Illustration of the Relative Value of Retirement Benefits for a Working Retiree in the Public Safety Retirement System," "Preliminary Assessment of the Fiscal Impact of SB 43 that was Enacted in 2010" cover letter, and "Supplemental Exhibits."

Mr. Andersen answered questions from the working group about audits, early retirees, and reform savings.

Mr. Mark Johnson, Chief Administrative Officer, Ogden City, discussed the turnover rates of the Ogden City Police Department and how turnover rates have changed. Mr. Johnson also explained the current challenges of hiring police officers and firefighters. He recommended that skilled positions, such as engineers, IT, and attorneys go to a defined contribution plan because the rising generation will have multiple jobs. He emphasized that the current plan is not working in a low unemployment rate environment. Mr. Johnson answered questions from the working group about the average recruiting age of Ogden police officers, salary differences, insurance rates, wages and benefit value, and the private sector.

Ms. Patti Harrington, Executive Director, Utah School Superintendents Association, distributed "Sampling of Current Teacher Shortages." She explained the challenges facing various school districts. Ms. Harrington answered questions from the working group about retirement, raising the \$15,000 dollar limit for post-retirees who are reemployed, and teacher hiring and retention.

Ms. Kayleen Whitelock, Board of Education, Jordan School District, explained the skyrocketing retirement rates and the unavailability of budget line items for school districts, which are available for other state agencies.

Mr. Marty Peterson, Pension Membership Council, Professional Fire Fighters of Utah, addressed the working group. He discussed Tier II, social security, and retention issues. He stated that the firefighting system is different and its people are different. He explained that the Professional Fire Fighters of Utah also provides retirement for volunteer firefighters. Mr. Peterson answered questions from the working group about funding and starting salaries.

Mr. Lance Vandongen, Training Division Commander, Salt Lake Police Department, discussed various police officer levels and what they bring to the organization. He discussed the training levels and recruiting methods. He said police officers are not only leaving to go to the private sector, but also to other states with better benefits. Mr. Vandongen answered questions from the committee about attrition.

Mr. Michael Millard, President, Salt Lake City Police Association, discussed the importance of having a large hiring pool in order to promote from within. Mr. Millard talked about the challenges retired officers face when seeking reemployment. He explained that the morale of his officers is down.

Mr. Danny Fuhr, Colonel, Utah Highway Patrol, talked about Tier I retirement. He also talked about incentives and options for retired officers. Mr. Mike Keen, Major, Utah Highway Patrol, explained his situation facing retirement and moving to work in Arizona. He explained that the Utah Highway Patrol is not advocating for double dipping in the system, but would prefer lifting the 1-year separation limit from working for a URS covered employee.

Mr. Lincoln Shurtz, Utah Association of Counties, explained that he is representing counties and cities and towns at the request of Ken Bullock. He talked about his experience during the 2010 retirement reforms. He thinks that public safety and education are two different areas that need a narrower tool allowing them to double dip in some circumstances. He also explained the concerns facing rural towns.

Mr. Ben Horsley, Granite School District, explained the shortage of teachers and the actions the school district has taken to recruit more teachers.

Mr. Robert Decker, Sheriff, Millard County, representing the Utah Sheriffs' Association, explained the importance of post retirement issues to the Utah Sherriff's Association. He explained how rural areas try to fill their positions with part-time positions. He pointed out that rural areas are different and need the Legislature's attention.

Chair Cunningham requested those present to email the working group any issues that were not discussed and the impact of morale between Tier I and Tier II employees. He requested staff to compile the notes and an overview, which would allow the working group to identify items to study in the next meeting. He highlighted issues he felt were raised in the meeting.

**MOTION:** Rep. Powell moved to have staff provide information on the following items:

- 1) the actuarial fiscal impact of changing postretirement restrictions to allow, after a 60-day separation, reemployment with a different agency and no retirement-related contributions from the employer that benefit the reemployed retiree;
- 2) the retirement benefits provided by surrounding states;
- 3) the demographics of retiring employees; and
- 4) the effects of postretirement on rural areas.

The motion passed unanimously with Sen. Osmond and Rep. Hutchings absent for the vote.

Mr. Kelly Atkinson, Executive Director, Utah Fraternal Order of Police, stated that good legislation does not come from a crisis. He appreciated the working group's willingness to revisit postretirement.

Mr. Todd Lossner, Executive Director, Utah Public Employees' Association, stated that the organization is excited to discuss postretirement and appreciates the opportunity to attend.

Mr. Greg Funk, Sherriff, Emery County, discussed the challenges in retention and hiring.

#### **4. Working Group Discussion of Policy Issues and Options**

The working group discussed the policy issues and options as they were presented by speakers in the previous agenda item.

#### **5. Other Working Group Business / Adjourn**

Chair Cunningham informed the working group that the next meeting will be in September. He will inform the working group of the specific date.

**MOTION:** Sen. Mayne moved to adjourn the meeting. The motion passed unanimously with Sen. Osmond, Sen. Powell, and Rep. Hutchings absent for the vote.

Chair Cunningham adjourned the meeting at 4:36 p.m.